

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 PA-01 PRS-01 /123 W

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R 140450Z NOV 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 1208

INFO AMEMBASSY ALGIERS

AMEMBASSY ABU DHABI

USINT BAGHDAD

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUALA LUMPUR

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY PARIS

AMEMBASSY QUITO

AMEMBASSY SINGAPORE

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

AMCONSUL MEDAN

AMCONSUL SURABAYA

C O N F I D E N T I A L JAKARTA 13962

EO 11652: GDS

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TAGS: ENRG ID

SUBJ: GOI CALTEX RENEGOTIATIONS

1. JULIUS TAHIJA, CALTEX PACIFIC INDONESIA BOARD CHAIRMAN, INFORMED PETROLEUM OFFICER NOVEMBER 11 THAT SENIOR CALTEX OFFICIAL(UNNAMED) WOULD BE ARRIVING BY END OF CURRENT WEEK (NOVEMBER 10-16) TO BEGIN TALKS WITH GOI ON PROPOSED RENEGOTIATION OF CALTEX'S CONTRACT OF WORK AGREEMENT. TAHIJA SAID HE HAD JUST BRIEFED GENERAL IBNU (PERTAMINA PRESIDENT DIRECTOR) ON OUTCOME OF HIS MEETING WITH CALTEX PRINCIPALS LAST WEEK IN HONOLULU. TAHIJA ADDED HE WOULD BE MEETING WITH PRESIDENT SUHARTO FOLLOWING DAY (NOVEMBER 12).

2. ACCORDING TO TAHIJA, CALTEX WANTS TO ENTER TINTO TALKS WITH SPIRIT OF COOPERATION, BUT THEY ALSO CLEARLY WANT TO AVOID LENGTHLY PROCEEDINGS WHICH COULD RESULT IN A) MAJOR MODIFICATIONS IN THEIR CONTRACT OF WORK AND/OR B) ADVERSE PUBLICITY, BOTH LOCAL AND INTERNATIONAL. WITH REGARD TO THE LATTER POINT, TAHIJA STATED FAILURE TO AVOID THESE WOULD HAVE MAJOR NEGATIVE IMPACT ON GOI'S EFFORTS TO ATTRACT NEW PRIVATE, FOREIGN INVESTMENT. HE EXPRESSED FEARS THAT MINISTER SADLI IN PARTICULAR DID NOT UNDERSTAND THIS.

3. THAIJA INDICATED CALTEX HOPES THAT ANY ADJUSTMENTS CAN BE MADE IN SAME MANNER AS WERE CHANGES IN EARLY 1974 AND JANUARY 1975. (THESE INVOLVED REVISED PROFIT SPLIT BASED ON AN ADJUSTABLE BASE PRICE AND INCREASED GOI PROFIT SHARE ON PRODUCTION ABOVE 150,000B/D RESEPECTIVELY. THEY ARE REGARDED AS "AMENDMENTS" TO BASIC CONTRACT OF WORK AGREEMENT.) TAHIJA DID GO INTO DETAIL ABOUT WHAT THESE ADJUSTMENTS MIGHT BE BUT HE DID NOT DISAGREE WITH REPORTING OFFICER'S SUGGESTION THAT LOWER CALTEX PER BARREL PROFITS MIGHT BE ONE OF THEM. (COMMENT: MINES MINISTER SADLI TOLD AMBASSADOR ON NOVEMBER 10 THAT CALTEX MIGHT SEEK SOME KIND OF QUID-PRO-QUO, POSSIBLE IN FORM OF NEW ACREAGE. MEMCON POUCHED TO DEPARTMENT). NEWSOM

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